

Brief summary of the outcomes for the Least Developed Countries group

This version is a first draft presenting main content of the non-papers and notes from facilitators at the end of the Panama session. A revised version will be elaborate prior to Durban.

1. Introduction

Parties at the United Nations Framework Convention on Climate Change (UNFCCC) and at its Kyoto Protocol, gathered from October 1 to 7 2011 in Panama City (Panama) for the 3rd intercessional meeting of the year. This session resumed from the first and second 2011 sessions, respectively held in March-April in Bangkok (Thailand) and in June in Bonn (Germany). The third Panama session consists of the meetings of the two main negotiation streams aiming at designing a new climate regime, that of the Ad-hoc working group on Kyoto Protocol (AWG-KP (16 .3)) and that of the Ad-hoc working group of Long-term cooperative action under the Convention (AWG-LCA (14 .3)).

2. Purpose of the meeting

The Panama session was organized to allow Parties to engage in intensive substantial work on all the items and sub-items of the agenda agreed upon in Bangkok, and to continue their work with the view to build on progress made during the Bonn session. The outcome of the work realized in Panama will lay the foundation of the work to be undertaken at the seventieth conference of Parties (COP 17), to start in Durban next November, by preparing the outline of the draft decisions to be presented for the COP for its adoption at this session. Following, is a brief analysis of the keys drafts non-papers and notes from facilitators issued from Panama and to be the basis of the discussion in Durban.

This informative paper will provide an update of negotiation highlighting value added of the Panama session in order to allow LDCs have an overview of the state of play going to Durban.

3. Status of the negotiation as of the Panama sessions

3.1. Negotiation under the AWG – KP

A revised proposal by the Chair to facilitate negotiations has been issued following discussions in Panama¹ (CRP.2). This update document has been prepared under the responsibility of the chair, and aims to capture the work of the AWG – KP 16 (3) and provide clarification of some issues. It presents the same overall structure of five (5) chapters like the previous version. It does not really allow iteration of the CRP1, as it also made of 49 pages compare to 50 pages. In general displacements of texts have been occurred in the new version and reformulation of paragraph in order to clarify views expressed by Parties. Most of options in the texts remain like in the previous version, indication very few progresses in the discussion of the KP, while the need to secure a post 2012 agreement is becoming the more and more pressing. The next page will present some variation identified from the June version of the KP text.

The lack of progress on narrowing options reflects the fundamental political disagreements over going ahead with the Kyoto protocol 2nd commitment period absent an agreement on legal form, timetable and content under the LCA track. Absent an agreement to proceed with the 2nd period negotiations could be expected to continue indefinitely around the unresolved issues in the AWGKP

¹ FCCC/KP/AWG/2011/CRP.2/Rev.1

Content of the CRP2 rev. 1

Chapters

I. Draft decision -/CMP.7 Amendments to the Kyoto Protocol pursuant to its Article 3, paragraph 9	3
II. Draft decision -/CMP.7 Land use, land-use change and forestry.....	25
III. Draft decision -/CMP.7 Emissions trading and the project-based mechanisms.....	37
IV. Draft decision -/CMP.7 Greenhouse gases, sectors and source categories, common metrics to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks, and other methodological issues	42
V. Draft decision -/CMP.7 Consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties	48

Chapter I: Amendment to the Kyoto Protocol

Article 3, paragraphs 13 and 13 bis

Cap to AAUs surplus carryover : **Option 2a** “Any additions to the assigned amount referred to in paragraph 13 above for the second commitment period shall be limited to [X][0.1][1] per cent of such a Party’s first commitment period assigned amount, and shall not be available for use in any third or subsequent commitment periods”.

CC. Article Y: New market mechanism

The draft mentioned that a group of Parties has submitted a proposal for a REDD+ mechanism, which they would pursue under the AWG-KP to the extent that the issue is not resolved under the AWG-LCA.

Chapter II: LULUCF

Clarification have been provided on issue of drainage and rewetting [wetland drainage and rewetting] in the concepts and related to the work programme to be considered, as referred in paragraph 13.

A text has been introduced to set a cap to the carryover of AAUs resulting from forest management project activities undertaken under Article 6.

Further clarifications have been on treatment of disturbance emissions which may come from various sources including wildfires, insect and disease infestations, extreme weather events and/or geological disturbances but exclude harvesting.

3.2.Negotiation under the AWG – LCA

This update takes into account the Panama discussion on all the building blocks of the Bali Action Plan and taking into account progress made at Cancun. It was based on the LCA agenda adopted in Bangkok.

3.2.1. A shared vision for long-term cooperative action

A non-paper on a shared vision for long-term cooperative action² has been issued on the basis of the June note by the Facilitator: *summary of issues presented at the informal consultations*. The text of the Panama session has been expanded to take into account new elements in discussions and supported by some developing countries among which the LDCs. The preamble refers to an *enhanced contribution by all Parties to long-term cooperative action to combat climate change guided by a shared vision which is based on and is in fulfillment of the objectives, principles and provisions of the Convention and its Kyoto Protocol*". This section also include references to the limit of the global average temperature increase to well below 1.5 °C above pre-industrial levels in a time frame that protects ecosystems, food production and sustainable development, .

The text on shared version contained sections on (a) Global goal for substantially reducing global greenhouse gas emissions by 2050, (b) Time frame for global peaking of greenhouse gas emissions, (c) Equity, (d) Historical responsibility, (d) *Establishment of global goals for finance*, (e) **Establishment of global goals for technology**, (f) **Establishment of global goals for adaptation**, (g) **Establishment of global goals for capacity-building**, (h) Trade, (i) Response measures, (j) Intellectual property issues in relation to technology, (k) Low-carbon and climate-resilient society, (l) Human rights, (m) Rights of mother earth, (o) Right to survive, (p) An international climate court of justice and (q) Warfare. The new sections highlighted in bold are of the interest of LDC and the group should ensure these elements are kept and reinforced in any draft decision of the LCA to be forwarded to COP for its consideration and adoption in Durban.

3.2.2. Mitigation

Both issues related to mitigation by developed countries and by developing countries are presented in this section.

3.2.2.1. Mitigation by developed countries

Following decision in Cancun, submissions of economy-wide emission reduction targets to be implemented by Annex I Parties, workshops in Bonn and Bangkok on mitigation targets by developed country Parties, discussions, written inputs in Bonn on these issues, as well as submissions by Parties, the discussion in Panama allow Parties to produce the first drafts on mitigation by developed countries. Three documents have been prepared to be the basis of discussions in Durban.

- a. Non-paper of facilitator on possible elements of draft guidelines for biennial reports of developed country Parties³

The draft on the BRs by developed countries allows capturing ideas related to the objectives and possible elements of content of the BRs. The latest version include information on Mitigation (information on

² Version 6 October at 19:30) available at http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/20111006_sv_1930.pdf .

³ Version of 04 October 2011 available at http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/non-paper_3.2.1_v7_for_counter.pdf

greenhouse gas emission trends, on economy-wide emission reduction target, progress in the achievement of economy-wide quantified and emission reduction targets and commitments); and information on mitigation actions and their effects clarified by the role of the use of LULUCF and markets, as well as projection. LDCs could support the position of the G77, Africa and AOSIS for the establishment of agreed format for reporting.

On demand of the developing countries, it also contains information on provision of financial, technological and capacity-building, support to developing country Parties, finance, Technology development and transfer and Capacity-building.

- b. Non-paper of facilitator on possible elements of modalities and procedures for International Assessment And Review (IAR)⁴

The draft covers the objective of the IAR, the process, scope and frequency, as well as the sequence between the Assessment and the Review, which for developing countries should follow the structure of the Cancun Agreement, thus First a Technical Assessment, followed second by an international Review. For each of them however, the draft elaborate on specific objectives; key inputs, the particular process; the forum, the outputs, as well as the relationship with other process

All the countries agreed on the need to finalize the modalities and guidelines to allow the outputs of the first IAR to fit in the 2013 – 2015 review of the adequacy of long term global goal of the Convention. LDCs position could be in alignment with general point of view of developing countries calling for the IAR process to be based on relevant provisions of the Convention and of the Kyoto Protocol, where appropriate. It also require the establishment of a compliance mechanism under LCA and the ensure harmony with other process like the review of the adequacy of the long-term global goal of the Convention or process to increase the level of ambition.

- c. Co-facilitator's summary of discussion on matters relating to paragraphs 36-38 of the Cancun Agreements⁵

LDCs share some of the common position within the G77 and China, Africa group and AOSIS for the need to:

- Take forward quantified economy-wide emission reduction targets currently referred to in document FCCC/SB/2011/INF.1/Rev.1, their transformation into QELROS for a second commitment period under the Kyoto Protocol and the inscription of the targets of those countries not Kyoto Parties into a Legally Binding Agreement (LBA) with comparability of efforts
- Increase the level of ambition and close the mitigation gap
- Ensure comparability of efforts among developed countries Parties in the KP and developed countries Parties, not in Kyoto and whose efforts will be taken into account in the LCA
- Ensure a more robust accounting framework (common accounting rules established at international level).

3.2.2.2. Mitigation by developing countries

Following decisions in Cancun, submissions of on nationally appropriate mitigation actions to be implemented by Parties not included in Annex I (NAMA), workshops in Bangkok and Bonn, discussions in Bonn, written inputs and submissions by Parties, four drafts have been issued :

⁴ Version of 04 October 2011 available at

http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/non-paper_3.2.1_2_v9_for_counter.pdf

⁵ http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/20111005_321_2000.pdf

- a. Non-paper by the co-facilitators on possible elements of draft guidelines for biennial update reports⁶ from Parties not included in Annex I to the Convention

The work on developing countries BURs achieves considerable progress in Panama. Following an introduction, the non-paper contains the objectives of the BURs, their scope and possible contents: national greenhouse gas inventory, used methodologies, elements of reporting (mitigation actions; finance, technology and capacity-building needs and support received).

The reference to Least Developed Countries (LDCs) and Small Island Developing States (SIDS) mention that these countries “***should estimate their national GHG inventories for recent years at their discretion***”.

- b. Non-paper by the co-facilitators on possible elements of modalities and procedures for international consultation and analysis⁷

The non-paper contains information on the objectives of ICA and its principles. It provided a description of the ICA process and scope and for each of the two element of the process the Consultations and the technical Analysis, the non-paper describes: objectives, inputs, process and outputs. The non-paper also describes the overall outcome of international consultations and analysis and elaborates on its frequency and flexibility. Far for agreement, the text will be refined in Durban. The reference to LDCs mention that ICA should: ***[Ensure][Promote] universal participation with flexibilities for Small Island Developing States and Least Developed Countries;***

- c. Non-paper on Registry⁸

Progress was made on the discussion of the registry. The non-paper contains elements on the two functions of the registry. The first is the facilitation of support, by recording information on action and information on support and the second is recognition. The SBI has been requested to further elaborate at its thirty-sixth session on the functions of the registry with a view to adopting a decision at the eighteenth session of the COP.

- d. Co-facilitator's summary of discussion on matter relating to paragraphs 48-51 of the Cancun Agreements⁹

The discussion on NAMA will probably be prioritized in Durban, the summary of the notes highlights various views explored and proposed by some Parties on following points:

- Deviation in emissions relative to “business as usual” emissions in 2020
- Support needed for the implementation of NAMAs
- Understanding the diversity of mitigation actions

LDCs need to develop their position and ensure it will be taken into account in experts meetings, negotiation and further technical workshops.

3.2.2.3. REDD+

The non paper contained information on:

⁶ http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/20111005_bur_2200.pdf

⁷ Version of 06 October 2011 available at

⁸ http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/20111005_regisrty_2200.pdf

⁹ http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/20111006_322_0830..pdf

1. [Different sources of finance, (indicative list of sources identified by Parties): Public funds; Specialized REDD-plus funds or funding windows established by the Green Climate Fund under the COP; Existing multilateral and bilateral channels; Market-based mechanisms; A flexible combination of funds and market-based sources and any new financing options identified.]
2. [Mitigation actions in the forest sector being implemented by developing country Parties as referred to in decision 1/CP.16, paragraph 70, and the role of different sources of financing.]
3. [Linkages with modalities relating to the SBSTA work programme.]
4. [Links with other financial instruments under the Convention and/or being developed by the AWG-LCA.]
5. [Any other relevant elements.]

3.2.2.4. Cooperative sectoral approaches and sector-specific actions in order to enhance the implementation of Article 4, paragraph 1(c), of the Convention

The notes of the facilitators¹⁰ is made of the summary of nine (options) provided by the Parties on how to address each of the specific issues under this agenda item. Sectors like Agriculture and Aviation and Marine shipping are still under consideration in these options.

3.2.2.5. Markets

A party's compilation¹¹ have been issued containing following elements

- Preamble
 - Principles and objectives for various approaches
 - Evaluation of existing approaches and lessons learned
 - Conditionalities
- Framework for various approaches
 - A. Consideration
 - B. Creation
 - C. Governance
 - D. Eligibility
- New approaches
 - Market-based approaches
 - Non-market-based approaches
- Work programme
 - A. Modalities and procedures for the new framework
 - B. Modalities and procedures of new approaches
- Readiness
 - A. Linkages with other institutional arrangements under the Convention
 - B. Invitation for provision of support

3.2.2.6. Response measures

The summary of the facilitator contain a list of all the background information and documents before participants as well as a summary of the discussion held in Panama.

¹⁰ http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/20111007_sectapproaches_1200.pdf

¹¹ http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/20111007_325_1530.pdf

3.2.3. Adaptation

The Panama discussion was focus on the adaptation Committee. The revised non-paper on adaptation¹² contain information on: Mandate and reporting of the adaptation Committee, four options for the composition (Option 1, Option 2a, Option 2b and Option 3). LDCs preferred option is the options 2b that allocate a specific seat for LDCs and SIDS.

The non-paper also indicate how to deal with issues related to procedures, including terms of office, chairmanship, decision-making, meetings, linkages, secretariat and budget. Furthermore the non paer present Parties views on linkages and review.

In the AC relationship to the COP, the non-paper indicates that in para 4 that: *the Adaptation Committee shall operate under the authority and guidance of, and be fully accountable to, the Conference of the Parties, which should decide on its policies in line with relevant decisions.* This reference that has been defending by LDCs should be kept into the draft texts up to final adoption.

3.2.4. Finance

The discussion on Finance was focused on the standing Committee and some parties were reluctant to talk about the long term finance and source.

The Draft co-facilitators consolidated text on Standing Committee¹³ contained element for its roles and functions, as well as its composition and working modalities. Key divergences are still in the options in the text. LDCs will continue to support a strong role to the Standing Committee as a supervising body reporting directly to the COP as opposed to a weaker role of advisor and reporting to the SBI.

The Draft co- facilitators consolidated text on Long Term Finance¹⁴ contains elements that recognize *the importance of public finance in supporting climate-related investments in developing countries, including adaptation measures in the most vulnerable and least developed countries, and welcome the initial pledges made by some developed country Parties towards the initial capitalization of the Green Climate Fund and encourages other developed country Parties to contribute to the Fund to ensure its rapid operationalization.* There is a need to build on such elements to secure a provision in the draft on LTF and source to prioritize LDCs and SIDS in climate change financing. Although the TC was not able to deliver with an agreed report, this issue need to be secured while the COP will decide on the way forward regarding the establishment if the GCF decided in Cancun.

The draft also contain a proposal for an indicative schedule of activities on sources of long-term finance, with a proposition for the launch in Durban a work program on LT finance and sources for 2012. LDCs made a submission on Finance contained in CR.P33¹⁵, which will build their position in the process.

3.2.5. Technology development and transfer

Draft text for a draft decision on technology, aiming at providing terms of reference of the Climate Technology Centre and Networks; has been prepared out of Panama for further work in Durban. Its overall structure is

¹² http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/20111007_adaptation_1000.pdf

¹³

http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/20111007_financestcommittee_1300_2.pdf

¹⁴

http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/20111007_financestcommittee_1300_2.pdf

¹⁵ <http://unfccc.int/resource/docs/2011/awglca14/eng/crp33.pdf>

- Mission
- Functions
- Architecture
- Roles and responsibilities
- Climate Technology Centre
- Network
- [Budget, financial means and estimate of expected funding]
- Governance of the Climate Technology Centre and Network
- Organizational structure of the Climate Technology Centre
- Reporting and review
- Term of Agreement

3.2.6. Capacity building

- The summary by the facilitator on in-depth discussion on capacity-building work in institutions and initiatives under the Convention¹⁶ contained Summary on adaptation, finance, mitigation and technology, and regarding the LEG, the CGE, the GEF's work on capacity-building,
- The compilation of draft texts for a draft decision on capacity-building¹⁷ contains ways to enhance the monitoring and review of the effectiveness of capacity-building, modalities regarding institutional arrangements for capacity-building, capacity-building activities and reporting by Parties, the role of the secretariat, and issues related to financial support for capacity-building activities

3.3. Review

A non-paper on Review: further definition of its scope and development of its modalities¹⁸ has been issued. It elaborates on further definition of its scope, modalities; Principles and guidelines, Inputs, Body to oversee the review; Activities and timeline and appropriate action by the Conference of the Parties

List of the submission on the table available at

http://unfccc.int/meetings/ad_hoc_working_groups/lca/items/6189.php

Tableau : Liste des soumissions

Informal group on a shared vision for long-term cooperative action	
Submission from India	African Group, Argentina, Brazil, China, India, Iran (Islamic Republic of), Lebanon, Malaysia, Philippines, Thailand and Uruguay
Submission from Ecuador	Dominica, Ecuador, Nicaragua and Venezuela (Bolivarian Republic of)
Submission by the Plurinational State	Bolivia
Submission by the Brazil	Brazil

¹⁶

http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/cb_facilitator_summary_031011_v.5.pdf

¹⁷ http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/20111007_cb_1130.pdf

¹⁸ http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/20111007_review_0900.pdf

Submission by China	China, India, Malaysia, Philippines, and Thailand
Bolivia	
African Group	
Lebanon	
Poland and the EC and its 27 member States	
Singapore(2)	
Informal group on nationally appropriate mitigation commitments or actions by developed country Parties	
Submissions from India	India
Submissions from the African Group	African Group
Submission by Switzerland	Switzerland
Lebanon	
Informal group on nationally appropriate mitigation actions by developing country Parties	
Submissions from India	India (2)
Submission from the African Group	African Group
Submission from Switzerland	Switzerland
Revised submission from Switzerland	Switzerland
Lebanon	
Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries	
Papua New Guinea	Belize, Cameroon, Central African Republic, Costa Rica, Cote d'Ivoire, Democratic Republic of Congo, Dominican Republic, Gabon, Ghana, Guyana, Honduras, Panama, Papua New Guinea, Republic of Congo, Solomon Islands, Togo, Uganda
Cooperative sectoral approaches and sector-specific actions, in order to enhance the implementation of Article 4, paragraph 1(c), of the Convention	
Submission by India	India, Brazil, China, South Africa, Argentina, Venezuela, Bolivia, Uruguay, Egypt, Thailand, Saudi Arabia, Ecuador and Nicaragua and the Philippines
Various approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation actions, bearing in mind different circumstances of developed and developing countries	
Submission from Ecuador	Ecuador
Submission from Switzerland	Switzerland
Informal group on economic and social consequences of response measures	
Submission from India	Argentina, China, African Group, OPEC, Arab Group, Thailand, Malaysia, Uruguay and Philippines
Submission from India	Argentina, China, Iran, the Arab Group and the OPEC Member States
Submission by Singapore	Singapore (2)
Enhanced action on adaptation	
Submission from the	Philippines

Philippines	
Informal group on finance	
Submission from the Philippines	Group of 77 and China
Submissions from Egypt	African Group
Submissions from India	India
Submission by Pakistan	Pakistan
Submission by AOSIS	AOSIS
Submission by Australia	Australia, Canada, Japan, New Zealand and the United States of America
Submission by Switzerland	Switzerland
Submission by the European Union	European Union
Submission by Australia	Australia, Canada and Japan
Submission by the Gambia	Least Developed Countries
Informal group on technology development and transfer	
Submission from Argentina	Group of 77 and China
Informal group on review: further definition of its scope and development of its modalities	
Submission from India	Brazil, China, Egypt, India, Malaysia, Philippines and Thailand
Submission from Brazil	Brazil, China, Egypt, India, Malaysia, Philippines and Thailand
	African Group, Australia, Saudi Arabia, Marshall Island, Bangladesh
Other matters: Parties included in Annex I to the Convention whose special circumstances are recognized by the Conference of the Parties	
Turkey	